

For Immediate Release

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This bill will outlaw many of the outrageous industry practices that marked the subprime lending boom, and it would require that borrowers can repay their loans.

Washington, D.C. Today, Congress passed H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act of 2009. The bill passed by a vote of 300 to 114. If passed in the Senate and signed into law by the President, this bill would end the predatory lending practices that drove the housing market, and the broader economy, downward.

“Our economy has taken a real hit because mortgage lenders approved loans that homeowners could not afford and because borrowers accepted those mortgage loans believing they could make ends meet. Unfortunately, too many could not get by,” said Sires. “Had this bill been in place a few years ago, I believe that these loans would never have been made.”

This bill would ensure that mortgage lenders make loans that benefit the consumer and prohibit them from steering borrowers into higher cost loans. It would establish a simple standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold. Additionally, it would:

- prohibit steering homebuyers into higher cost loans when unnecessary and require transparency if the lender receives compensation when the loan is made;
- require creditors to retain an economic interest (at least 5 percent) in the credit risk of each loan that the creditor transfers, sells, or conveys to a third party;
- require that all loans provide a real benefit to the consumer when refinancing their mortgage;
- for the first time ever, make the secondary mortgage market responsible for complying

with these standards when they buy loans and turn them into securities; and

- protect renters so that they receive proper notification and are given time to relocate before the home they rent is foreclosed.

“Under current law, renters are evicted when a foreclosed home is sold regardless of their rental agreement. This bill gives renters 30 days to find a new place to live before the new owners can evict them,” said Sires. Renters who have paid their rent on time and in full should not be evicted without notice.

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